

NOTICE

TO: All Claimants of Premier Healthcare of Arizona, Inc., an Arizona Corporation
FROM: Mark D. Tharp, Special Deputy Receiver of Premier Healthcare of Arizona, Inc.

NOTICE IS HEREBY GIVEN that on November 16, 1999, Premier Healthcare, Inc. d.b.a. Premier Healthcare of Arizona (Premier), an Arizona corporation, due to its insolvent financial condition, became the subject of an Order for Appointment of Receiver and Injunction (the Order), entered by the Arizona Superior Court, Maricopa County, Cause No. CV 99-20461 (the Court). The rights of claimants to share in the distribution of assets, if any, of Premier are fixed as of November 16, 1999.

On August 24, 2000, the Court entered its Order regarding Petition No. 26, Petition for Order of Liquidation and Order Establishing Claims Bar Date and Approval of Receiver's Recommended Claims and Notice Procedures. This order authorizes the liquidation of Premier and directs the Director of Insurance of the State of Arizona as Receiver, to liquidate the assets and business of said Company.

Section 20-628.A., Arizona Revised Statutes, provides:

All claims against an insurer against which delinquency proceedings have been begun shall set forth in reasonable detail the amount of the claim, or the basis upon which such amount can be ascertained, the facts upon which the claim is based and the priorities asserted, if any. All such claims shall be verified by the affidavit of the claimant, or someone authorized to act on his behalf and having knowledge of the facts, and shall be supported by such documents as may be material thereto.

Pursuant to the requirements set forth in A.R.S. § 20-628.A and A.R.S. § 20-640, and in the event you are due monies by Premier, enclosed is a Proof of Claim ("POC") form which must be fully completed and filed with the Receiver no later than 5:00 P.M., Mountain Standard Time on December 29, 2000 (the "Bar Date"). All persons who may have claims against Premier must file a verified **original** POC with:

Mark D. Tharp, Special Deputy Receiver
PREMIER HEALTHCARE OF ARIZONA, INC.
3838 North Central Avenue, West Tower, Suite 500
Phoenix, AZ 85012

If additional POC forms are required, they may be obtained by writing the Special Deputy Receiver at the address set forth above.

For questions on the POC that do not apply to your situation, your response should be indicated with an "NA" or "not applicable". Please note certain instructions and requirements are contained in the POC itself.

If you are a provider of services to Premier's enrollees, enclosed is a complete Provider Claims Inventory Report of all outstanding "pre-receivership" claims for services provided before November 16, 1999 as reflected in Premier's records ("Inventory"). Please note that the Inventory will contain duplicate entries in the event providers submitted claims more than once. Ignore any duplicate entries, as they will be eliminated by the system once the claim adjudication

process begins. The dollar amount on the Inventory is a billed charge only and is not representative of the final adjudicated claim value. Simply verify that the Inventory contains all claims which are to be considered. In the event there are claims which are not reflected on the Inventory, please submit such additional outstanding claims with the POC (see "Provider Claims" section of the POC).

If you are an enrollee who has utilized the services of a non-contracted provider, enclosed is a complete non-contracted provider Inventory. The Inventory is enclosed to advise you of claims which have been submitted by non-contracted providers for services provided to you. The Receiver has worked with non-contracted providers extensively to attempt to ensure that those non-contract providers not try to collect from enrollees, but instead bill Premier through the Receivership's claim process. Under Arizona law, however, non-contracted providers may elect to pursue enrollees directly for outstanding charges. In the event you are pursued by a non-contract provider, the Receiver requests that you immediately refer such collection attempts to this office at the above address, or call 1-888-590-2457 or 602-200-2457. Please note that the Inventory will contain duplicate entries in the event providers submitted claims more than once. Ignore any duplicate entries as they will be eliminated by the system once the claim adjudication process begins. The dollar amount on the Inventory is a billed charge only and may not be representative of the final adjudicated claim value. Simply verify that the Inventory contains all claims which are to be considered. In the event there are claims which are not reflected on the Inventory, please submit such claims with the POC (see "Provider Claims" section of the POC). If you are submitting an additional claim, *you must include a claim form (HCFA or UB form) reflecting the physicians' name, address, ID number, date of service, place of service, procedure, amount billed and amount paid. You must also attach proof that you have paid the provider.* If you do not submit proof that you paid the provider, the provider will directly receive any payment.

If you are an employer who has paid a non-contracted provider on behalf of your employee, you must submit the same information as that required for an enrollee who has utilized the services of a non-contracted provider of services including proof of payment. You must additionally submit your employee's executed assignment whereby the employee assigns all rights of payment for those particular claims to you.

DO NOT RESUBMIT CLAIMS PREVIOUSLY SUBMITTED. THIS WILL ONLY PROLONG THE PROCESS.

It is in your best interest to submit the POC as soon as possible. The sooner you submit the POC, the sooner claims will be adjudicated and paid.

It is likely that this office will have to contact you to reconcile and finalize your claim amount. Accordingly, it is important for you to designate a contact person who is knowledgeable regarding outstanding claims (see the POC form).

You will be advised of receipt of your completed POC and your POC number. You will be notified some time thereafter of the Receiver's recommendation regarding your claim. Unresolved disputes will be decided by the Receivership Court.

The Receiver's acceptance of the POC is not intended to, nor does it constitute, a waiver or relinquishment by the Receiver of any defense, set off or counterclaim which the Receiver may have against any person, entity, or governmental agency.

All claimants are requested to keep the Receiver advised of address changes. Inquiries as to the

status of your claim should be made in writing. Please identify your POC Number in all correspondence to permit ease of identification and expedited response.

If your claim is for return of premiums, you do not have to calculate the amount, however you may enter the amount, if known. You must submit documentation evidencing your claim including proof of payment of last premium.

For other types of claims against the Company, provide a brief explanation of the claim, the amount claimed, and documentation supporting the claim.

You must sign the claim form and have it notarized. All claims against Premier must be verified by the affidavit of the claimant, or someone authorized to act on the claimant's behalf. If the claimant is an individual then the individual must sign. If the claimant is a corporation, then an officer must sign and identify capacity. If the claimant is a partnership, then a partner must sign. In the event a claim is filed by one person on behalf of another such as attorney in fact, guardian, a receiver, etc., attach to the Proof of Claim evidence or explanation indicating your authorization to act. The execution of the affidavit is an important aspect of the proof of claim process. Each claimant has a fiduciary obligation to carefully consider and disclose payments received from other sources which may have abated certain liabilities otherwise due from Premier. The affidavit is executed under the Penalty for Perjury. The POC will not be processed unless the affidavit is completed and notarized.

Proofs of Claim may be filed subsequent to the bar date, December 29, 2000, 5:00 P.M. Mountain Standard Time, however, any such Proof of Claim filed after the bar date will be classified as a late filed claim. A late filed claim shall not share in the distribution of the assets until all allowed claims (excluding Shareholder claims), Proofs of which have been filed before the bar date, have been paid in full with interest, as applicable.

THE LAST DAY FOR FILING CLAIMS TIMELY AGAINST PREMIER is 5:00 o'clock, p.m., Mountain Standard Time on December 29, 2000. Claims must be postmarked (not postage meter stamped) no later than 5:00 o'clock, p.m., Mountain Standard Time on December 29, 2000.

Please retain a copy for your records and mail the original of the completed form to:

Mark D. Tharp, Special Deputy Receiver
PREMIER HEALTHCARE OF ARIZONA, INC.
3838 North Central Avenue, West Tower, Suite 500
Phoenix, AZ 85012

If you have questions regarding your Proof of Claim, you may contact Premier's office at 602-200-2457 or 1-888-590-2457.